

STATUTORY IMPASSE PROCEDURE
IOWA PUBLIC EMPLOYMENT RELATIONS BOARD
FACTFINDING RECOMMENDATIONS

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PUBLIC EMPLOYMENT
RELATIONS BOARD

IMPASSE BETWEEN:

CITY OF DAVENPORT IOWA
Department of Public Safety

-and-

DAVENPORT ASSOCIATION
OF PROFESSIONAL FIRE-
FIGHTERS, IAFF Local 17
AFL-CIO, CLC

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PERB No. 190/3

Decision Issued: March 5, 2003

Jonathan Dworkin, Factfinder

Representing the City

Mary J. Thee

Corporate Counsel

Representing the Firefighters

Michael Meloy

Attorney for the Union

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IMPASSE SUMMARY

Davenport, the third largest City in Iowa, maintains the oldest municipal fire department west of the Mississippi. The Davenport Association of Professional Firefighters, IAFF Local 17, is the recognized Bargaining Agent for one hundred thirty-three non-exempt members in four classifications – Firefighter, Firefighter/Engineer, Lieutenant, Captain. A one-year Collective Bargaining Agreement

governing their wages, hours, and working conditions will expire June 30, 2003. The City and the Union have been negotiating for a new Agreement and are at impasse on the following two items:

1. WAGES. The Union proposes a 4.5 percent 2003-2004 wage increase for all represented ranks. The City's counter offer is 3 percent.

2. HEALTH INSURANCE. Davenport provides, and has provided, generous health coverages for its employees and their dependants. The City is self-insured and, until now, has agreed to pay full premium costs for both single and family policies. The coverages include prescription (\$10 deductible for brands, \$5 for generic), dental, chiropractic (up to \$1000 per year), long term disability, and life insurance in addition to the normal hospitalization, doctor visits, annual physicals, lab work, etc. The family plan includes "dependants" without any qualifying definition, and this has meant that the City has paid insurance benefits for grandchildren as well as children of employees. The design of the health insurance is a preferred provider organization (PPO). Employees are responsible for deductibles – 10 percent for services inside the PPO, 20 percent for services outside the PPO.

The City has proposed cost-effective changes in the health insurance program:

1. Increase the Employee's co-pay deductible to 20 percent inside the PPO, 30 percent outside the PPO.

2. Add the following language limiting dependant coverage:

"Children of employees who qualify for coverage may remain on the plan until age 24, so long as they are full-time students. Current students on the plan may continue to be covered so long as they qualify as a student until age 26.

"The dependant's of the dependants born after June 30, 2003 shall not be entitled to coverage."

3. Under the City's proposal, Employees with single coverage would pay 1 percent of the premium cost. Employees with family coverage would pay 2 percent.

The Union firmly demands that no change be made in its health- insurance program. It contends that what is now in place is the result of twenty-five years of negotiations and there is no current economic reason to diminish it. It is consistent with some of the comparables and, more to the point, the City does not claim that it is unable to continue funding it.

DECISIONAL STANDARDS APPLIED

Iowa law instructs factfinders to consider "relevant standards". In addition, it sets forth the following non-exclusive standards to be reviewed where pertinent:

- A) Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- B) Comparison of wages, hours and conditions of employment of the involved public employees doing comparable work, giving consideration to factors peculiar to the area and classification involved.

- C) The interest and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- D) The power of the public employer to levy taxes and appropriate funds for the conduct of its operation.

As required, the Factfinder has guided himself by the usual, regularly observed criteria for resolving disputes of this nature. Not all were addressed by the parties, however, so not all were considered. Most notably, items C and D, quoted above, were excluded. There was no issue of the Employer's ability to finance the Union's demands. To the contrary, the City Advocate conceded when the hearing began that ability to pay C was not at issue. That admission is dispositive of Standard D (taxing authority) as well.

A contention the Union Advocate stressed was that Firefighters deserve the best wages and hours the City can afford because of the extraordinary skills and risks inherent in their jobs. He carefully outlined the duties of each classification, but failed to show that the fundamental work requirements of Davenport Firefighters differ from Firefighters' duties in other communities. The Factfinder is compelled to note an exception to this finding, however. A Union chart, which the City did not challenge or refute, confirmed that Davenport Firefighters have been markedly more productive than those in cities that are arguably comparable. Their productivity rating, based on 911 call responses divided by the number of line personnel, was 82.5. It stood out dramatically above Waterloo (79.0), Iowa

City (65.1), Des Moines (61.9), Council Bluffs (53.8), Sioux City (53.2), Cedar Rapids (52.3), Dubuque (49.5).

Though the Factfinder finds these statistics impelling, they fall short of raising a conviction that this Unit is entitled to compensation and benefits that outweigh its position among comparable communities. The parties themselves impliedly agreed, as demonstrated by their presentations. They emphasized the comparisons over every other standard. The City argued that its offers are consistent with what is being accepted by safety units in similar cities. The Union contended that it will fall out of the range of comparability unless its demands are met. Each side proved its allegation. Competing contentions turned on whether the City of Des Moines is valid for comparison. The Union argued that it is – it has been accepted as such by both sides for twenty-three of the twenty-five contract years. It is still used by the City for its position on health insurance.

Management conceded that Des Moines is an appropriate equivalent for some purposes, but vigorously protested its use for wage averaging. Three years ago, that city agreed, by contracts and ordinance, that its safety forces would receive wages no less than those paid by any other Iowa municipality. In 2000, Des Moines executed a five-year Agreement with IAFF Local 4, which included the following clause:

Article 31 A
Maintenance of Standard

The City and the Union agree that the City shall provide a cash compensation level (base salary plus longevity) equal to the highest represented municipal fire department personnel in the state.

Each year since then, Des Moines raises have been 6 percent or higher. Davenport characterized this as an "anomaly." It skews the comparability averages, and the City urged that it should not be forced to compete with it. In the City's judgment, the traditional comparables – Cedar Rapids, Council Bluffs, Dubuque, Iowa City, Sioux City, and Waterloo are still appropriate, but Des Moines is not. The Union contended, to the contrary, that Des Moines has been used for wage comparisons in Davenport factfindings and interest arbitrations for a quarter century (when it was at the low end of the comparables). There is no reason to exclude it now.

**DES MOINES AS A COMPARABLE
THRESHOLD FINDING**

Des Moines has been troublesome for Davenport factfinders and interest arbitrators since 2001. Although it is Iowa's largest city (almost twice the size of Davenport) and its capital, it seems no one questioned its comparability status until it began granting general wage increases of 6 percent and higher. Until then, its wages stood at or near the bottom of the seven cities. Now that it has

rocketed to the top, Davenport and the others are uncomfortable trying to keep pace.

Factfinder Stanley Dobry addressed the issue in 2000 and found that Des Moines was not an apt comparable for Davenport. He noted:

Des Moines is not a comparable city because of its size, the populations, call loads and department size. The scope of the problem is demonstrated by the following table:

Comparison of Davenport and Des Moines

	Davenport	Des Moines
Department Size	146	287
Department budget FY '01	10,285,309	19,001,742
Performance Measures		
FY '00	1,142	1,135
Total Fires	241	342
Structure Fires	6,8000	11,198
EMS Calls¹		
City Budget	135,005,726	239,754,446
Population	95,000	193,187

¹ Numbers omitted from chart.

In examining this chart one must bear in mind that there are substantial statistical aberrations due to the inconsistent way fires are characterized in the two communities.

Even more importantly, Des Moines' police and fire departments have historically lagged in wage levels compared to some other Des Moines communities. This created a situation which begged for, and only now received, significant percentage increases, far outside the norm. This break from the established pattern militates against blind use of these percentage increases as a guide for decision making. Indeed, the superficial extravagance of the settlement underlines just how atypical Des Moines's situation really is.

Percentages can only be meaningfully understood in the context of the particular relationship, and taking into account the total package, not just wage isolation. A complete understanding of wage patterns requires "seeing the whole movie – or even several movies running simultaneously – not just a few frames in isolation."

Moreover, 3% of a mouse is not equivalent to 3% of a mouse.

This Factfinder is unclear as to the meaning of Dobry's reference to dissected mice. But read in context, his analysis makes perfect sense – not only for Des Moines, but for the other comparable cities as well. The truth is, there are no two cities that can be compared in every respect. The statutory instruction that factfinders are to compare wages, hours and conditions of employment of public employees doing comparable work calls for approximations, not absolutes. The task is to identify similarities and, the similarities between Davenport and Des Moines are compelling. Both are large cities. The spendable dollars of each divided by their populations are approximately equal, as is the number of population per firefighter employed.

Moreover, there is a long standing past practice, observed by both parties since 1978, of including Des Moines as an external comparable. Factfinder Marvin Hill made the point in his decision last year:

Contrary to the City's position, however, I find Des Moines to be a relevant bench-mark jurisdiction for this reason: apparently since at least 1978 the parties themselves have considered Des Moines a relevant comparative city. In this respect the Sinicropi award of 1978 is telling. Moreover, as late as 2000-2001 the City's own exhibits listed Des Moines as a relevant city. While the experience in one city, such as Des Moines, is not dispositive of a factfinding or arbitration result in Davenport, I see no reason to suddenly disregard Des Moines as a comparable, especially in light of the parties' long-term bargaining history. The Union makes the better case on the comparables.

WAGES

It is early Iowa's negotiations season and only a few of the relevant cities have ratified settlements. So Des Moines' impact on comparability cannot be known at this time; it can only be estimated. It appears to this Factfinder, however, that cities and bargaining units normally negotiate for mathematical means, not mathematical averages. In other words, each unit deserves to hold, and in some instances improve its position among its external comparables. The record shows that this unit has accomplished that with an average increase of 3.31 percent from July 1, 1978 through June 30, 2001; and on July 1, 2002 it received 3.25 percent plus 2 percent deferred compensation match effective January 1, 2003.

In 2002, Factfinder Hill commented that internal comparisons were more critical than external ones. This Factfinder agrees. Evidence furnished by the

Union showed that in 1978 Police and Firefighter wages were approximately even at all ranks. Since then, this Unit has steadily fallen behind the Police.

The City tried to meet and refute the evidence, contending that Firefighters get Kelly Days, a \$500 food allowance, \$600 in clothing allowance, \$749 EMT allowance, and \$800 educational incentive. However, this arguments fell short of vindicating the difference. Kelly Days are non-work days necessary to comply with the Fair Labor Standards Act, and can be compared to Police wages only if overtime and extra-duty assignments are taken into account. Police also get clothing allowances, and their educational incentive is \$50 higher.

The Factfinder recognizes the City cannot remedy this deviation in one year, but he believes it should be cured. Unfortunately he also recognizes that since this Unit is the first to go to factfinding, the other safety unit will probably achieve parity, and the inequality will persist. Nevertheless, the Factfinder believes a general wage increase of 3.7 percent is due for 2003-2004.

HEALTH INSURANCE

A City proposal for the Bargaining Unit to shoulder a greater share of health insurance costs was on the table two years ago. It went to impasse and was presented to Factfinder Stanley Dobry for recommendations. The City's submissions were: 1) Change the existing traditional plan to a PPO; 2) Increase employee co-payments to 10 percent for services inside the plan, 20 percent for

services outside the plan; 3) Prescription co-pays increased to \$10 for brands, \$5 for generics.

The 2001 factfinding decision recommended the City's position. Dobry explained his rationale:

Next to wages, this is a most fundamental and divisive issue. There are no pretty solutions. The City cannot afford to continue the way it has in the past.

The health care system is sick; if not irreparably broken.

The problem here is that health care costs are out of control. The rising cost of prescription drugs, and their increased rate of use, are taxing the system beyond its ability to cope. A drive through Davenport confirms that it has the growing surplus of drug stores, opening even on opposite corners. This is consistent with the national trend. The geographic anomaly confirms an economic reality.

The economy is laboring under the increased 'tax' levied by the pharmaceutical industry and the drug delivery companies. These increases are out of all proportion to inflation in the rest of the economy as a whole.

While inflation goes up 3+%, health care costs increase in double digits, with drug costs leading the way. Neither employers nor employees can afford the cost of health care. This is as true in the public sector as it is in the private.

No [one] can predict where costs will be in coming years. ***Unfortunately, this is a time when the bargaining unit members must shoulder their share of this intolerable burden. The City absolutely now needs to start on cost containment measures. These are a modest and proper response to a very real problem.*** [Emphasis added.]

Additionally, the proposal has two potential benefits: (1) It imposes direct controls on costs; and (2) It emphasizes to the employees that they have an interest and their own duty to control costs.

Dobry's predictions proved to be correct. The City's own charts show that its medical expenses, which reached a high in 2000, decreased substantially in 2001. They rose slightly in 2002, but not to the year-2000 level.

Now, two years later, the City has returned to the bargaining table with yet another proposal to increase the Bargaining Unit's share of its health-care costs. While its new plan seems modest, as it did in 2000, the Union estimates that it will diminish employee compensation by 7/10ths of 1 percent; there is no reason to doubt that estimate. Moreover, this Factfinder apparently does not have the same evidence as was so convincing to Dobry. In reasoning his decision, Dobry said, "the City cannot afford to continue the way it has in the past." This was equivalent to a finding, based on evidence, that the City lacked financial ability to continue paying the full cost of its traditional plan – that it needed relief. No such evidence was furnished here. The City showed that its two-year-old PPO is still costly, **but conceded at the outset of the hearing that ability to pay was not at issue.**

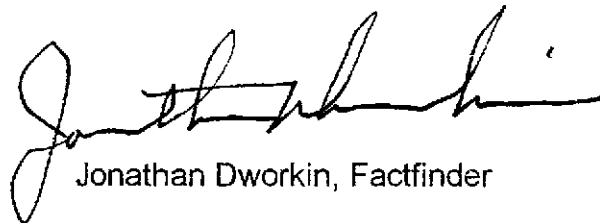
In view of statewide and national trends, it is apparent that employees will soon have to accept health-care reductions, or pay more for what they have, or both. But for this year, while the City can still afford the benefit, the recommendation will be to carry it forward into 2003-2004 without change.

FACTFINDING RECOMMENDATIONS

WAGES: It is recommended that a general wage increase of 3.7 percent be paid to all Bargaining Unit Ranks under the Collective Bargaining Agreement for the term of July 1, 2003 through June 30, 2004.

HEALTH INSURANCE: It is recommended that the current (2002-2003) health insurance plan be carried forward without change into the Collective Bargaining Agreement for the term of July 1, 2003 through June 30, 2004.

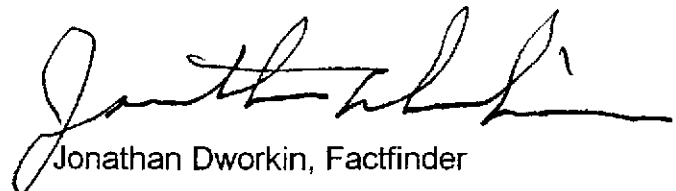
Issued at Lorain County, Ohio, March 5, 2003.



Jonathan Dworkin, Factfinder

SERVICE

Signed originals of these recommendations were sent by Express, next-day mail to Mary J. Thee, Davenport Labor Relations Council, 226 West 4th Street, Davenport, Iowa 52801, and to Michael Meloy, Attorney for Davenport Firefighters Association, 2828 18th Street, Suite 4, Bettendorf, Iowa 52722 this 5th day of March 2003. A true copy of the Recommendations and the statement for services were sent by regular mail to PERB the same day.



Jonathan Dworkin, Factfinder